

Rent-to-own

Are you thinking of buying a new TV, refrigerator, stereo or other “big-ticket” item? You may be considering the rent-to-own choice. Rent-to-own ads are very inviting with low weekly or monthly payments, no credit checks and no down payments. We urge consumers to first call the company to see what kind of terms are offered, then compare those terms to other options.

The rent-to-own alternative may be right if you want to try out an expensive gadget before buying one. Or, perhaps a move will leave you without furniture for a few weeks.

If you are interested in the owning part, renting to “own” can have some drawbacks. Payments spread over many months will include a large amount of interest—increasing the price of the item more than two or three times. Also, the merchandise you rent may be used. If so, you may end up

paying the same amount to purchase a used item as you would to buy a new one.

Here are some tips to consider when deciding if rent-to-own is an option to pursue:

- Consider the real total price for a rent-to-own contract. Multiply the amount of each rental payment times the number of payments required to fulfill the lease.
- Does the company guarantee the item being rented is new?
- Some companies may provide repairs at no charge. Ask if a substitute item will be provided at no extra charge, or if payments are stopped during the repair period.
- Rent-to-own contracts generally don’t allow any grace period for payments, and it’s easy to miss a payment that must be made every week. Ask about any penalties.

- Does the company require the renter to purchase insurance on the rented item, even if the customer may already have homeowners coverage?

If you choose the rent-to-own option, remember that ownership doesn’t occur until the last payment is made.

For more information or to file a complaint, contact the Bureau of Consumer Protection:

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